



TO: California Air Resources Board
FROM: Ryan Schuchard, Policy Director
DATE: March 14, 2018
RE: California's Beneficiary Mitigation Plan (VW Appendix D)

**Clean Transportation
Technologies and Solutions**

www.calstart.org

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Thank you for this opportunity to provide comments on the California Air Resources Board's (CARB) California Beneficiary Mitigation Plan, which outlines \$423 million in planned investments pursuant to Appendix D of the VW settlement.¹

We support the plan, and offer a few detailed comments about our endorsement, as follow.

We believe the approach of ensuring that investments meet a conservative NOx mitigation threshold (10,000 tons) while focusing the remainder on transformations that will make the greatest long-term air quality and climate benefits is a good basis for funding allocations.

We think it is appropriate that zero-emission bus is the largest single category of investment (\$130 million). Because bus is a beachhead technology, investments in this category support crucial medium and heavy duty (MHD) vehicles more broadly. Also, this category is in significant need of development in order to allow bus fleet operators to comply with zero emission (ZE) regulations that CARB is currently developing.

More broadly, we find that the portfolio overall is thoughtful and balanced across MHD sectors. It is sensible that the portfolio mix represents expected market demand for commercial incentives in the different technology areas today, and CARB has done a commendable job of managing competing priorities.

We also think it is good that the program uses a first-come/first-served approach, rather than a solicitation-based approach, when possible. This is generally the most cost-effective way to disburse funds. We have also seen through the HVIP program that for MHDVs, a first-come, first-served system naturally leads to investments that predominantly benefit disadvantaged communities

Finally, we note that while the funding program appears to be sound, it is important to keep in mind that the scrap-and-replace requirement, which is part of the consent decree, poses a significant constraint that makes Appendix D incentive funding only suitable for a narrow set of cases. Therefore, we would caution CARB staff and stakeholders that when considering how Appendix D fits into the state's wider set of programs, Appendix D resources do not provide a fungible funding source for core programs, such as those outlined in CARB's investment plan for MHDVs.²

If you have any questions, please do not hesitate to contact me.

¹ CARB (February 16, 2018). Public Workshop on Developing a Beneficiary Mitigation Plan for California's Allocation of the Volkswagen Environmental Mitigation Trust: Discussion Document.

https://www.arb.ca.gov/msprog/vw_info/vsi/vw-mititrust/vw-mititrust.htm

² CARB (November 9, 2017). Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives. https://www.arb.ca.gov/msprog/aqip/fundplan/proposed_1718_funding_plan_final.pdf